

STATEMENT OF SOURCE AND  
APPLICATION OF FUNDSFor the Six Months Ended June 30, 1970  
(with 1969 figures for comparison)

	1969	1970
Working capital at January 1 . . .	\$ 66,918	\$ 94,576

## SOURCE OF FUNDS

Metal production, net of charges . . . . .	287,647	124,463
Exchange on metal settlements . . . . .	20,661	5,027
Sundry income items . . . . .	2,887	2,356
Reduction of inventory . . . . .	9,367	4,820
Decrease in prepaid expenses . . . . .		4,083
Sale of equipment . . . . .		15,105
Tax refund received . . . . .		1,289
Sale of oil lease interest and equipment . . . . .		1,402
Sale of investments . . . . .	33,208	
Total funds available . . . . .	<u>420,688</u>	<u>253,121</u>

## APPLICATION OF FUNDS

Mine operating costs . . . . .	267,299	128,923
Gas lease rentals . . . . .	683	400
Exploration expenditures . . . . .	16,383	18,741
Head office expenses . . . . .	9,676	15,173
Mining claims purchased . . . . .		2,750
Expenditure re Manridge Mines . . . . .		150
Cost of staking mining claims . . . . .		7,005
Investments in staking syndicates . . . . .	5,109	
Increase in prepaid expenses . . . . .	1,494	
Total funds expended . . . . .	<u>300,644</u>	<u>173,142</u>
Working capital at June 30 . . . . .	<u>\$ 120,044</u>	<u>\$ 79,979</u>

"This is not an audited statement."

ZENMAC  
METAL  
MINES  
LIMITED

## INTERIM REPORT

FOR SIX MONTHS ENDED  
JUNE 30, 1970

## ZENMAC METAL MINES LIMITED

To the Shareholders:—

All production operations at the Zenith mine and concentrator, near Schreiber, Ontario, were terminated on April 29, 1970, when the known ore was exhausted. Final results of operations for the period January 1 to April 30, 1970 are as follows:

Tons milled .....	7,084
Average daily tons .....	68
Average grade of ore .....	13.86% zinc
Zinc concentrate shipped .....	1,896 tons
Zinc content of concentrate ..	1,894,768 lbs.
Copper concentrate shipped ..	117 tons
Metal content of copper concentrate:	
Copper .....	44,136 lbs.
Gold .....	7.93 ounces
Silver .....	316.63 ounces

Net smelter returns from concentrates shipped:

Total .....	\$127,204.22
Per ton milled .....	\$17.97

Since the beginning of milling in April, 1966, the total production has been 181,830 tons of ore from which were recovered 55,668,764 pounds of zinc, 517,214 pounds of copper and 141,403 pounds of cadmium. Average grade of ore was 16.5% zinc. Total value of production (net smelter return) has been approximately \$3,152,617.

During February six diamond drill holes, with a total length of 1,632 feet, were drilled on a nickel-copper deposit in Bickerdike Township, 100 miles northwest of Quebec City, under an agreement with Soquem (Quebec Mining Exploration Company). This agreement provided for a joint venture by the two companies to exploit this deposit and, if brought into production, to use Zenmac's mining plant and concentrator. However, the drilling program did not materially increase the known ore reserve and the agreement was terminated.

Siscoe Mines Limited has continued its operation of the Manridge silver property in the Gowganda area of Ontario during the period, including a test mill-run of approximately 1,000 tons of ore. Another mill-run which is expected to exceed 4,000 tons, was in progress at the beginning of August.

A block of 214 claims in the Schreiber area, including the Nicopor prospect which was described in the 1969 annual report, has been transferred to a new company named Nicohal Mines Limited, in which your company holds the vendor interest.

An agreement has been completed with Bacchus Investments Limited, whereby the latter will provide a minimum of \$49,000 through an underwriting, of Nicohal Mines shares, subject to the approval of the regulatory bodies. This would be used for further exploration of this interesting prospect. Drilling is expected to begin in September.

In the Sturgeon Lake area, in the joint venture with New Calumet Mines Limited, additional contiguous claims have been obtained by purchase and option to purchase. This increases the block to a total of 176 claims covering a length of more than four miles along the strike of the conductors detected by the airborne electromagnetic survey.

The leases held by your company in Howard Township, southwestern Ontario, have been transferred to Cameron Petroleums Limited, London, Ontario, in return for an over-riding royalty.

Respectfully submitted,

R. A. HALET,  
President.

Toronto, Ontario,  
August 20, 1970.